



**AGENDA ITEM # 6.1**

**REPORT TO CITY COUNCIL**

**Report Prepared by: Dawn Bittner**

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**Date:** September 6, 2022

**Subject:** Planning Commission Report

**Report:** Please see attached Report.

**Council Action Requested:** No action requested.



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September 1, 2022

Mayor Gardner and City Council  
4638 Main Street  
Pequot Lakes, MN 56472

Re: Planning Commission Report

Dear Mayor Gardner and City Council Members:

The Planning Commission met for their regular meeting in August where they discussed Conditional Use Permits, and Accessory Dwelling Units. The Planning Commission is sending you 1 recommendation this month: The Planning Commission recommends that east of the Paul Bunyan Trail and west of the extension of Larsen Parkway be rezoned to a Patriot Residential Zone and support the apartment complex concept. The draft Minutes are attached.

Please feel free to contact me with any questions or concerns at 218-568-6699 or [dbittner@pequotlakes-mn.gov](mailto:dbittner@pequotlakes-mn.gov).

Sincerely,

Dawn Bittner  
Zoning Specialist

**MINUTES  
PEQUOT LAKES PLANNING COMMISSION/  
BOARD OF ADJUSTMENT  
REGULAR MEETING  
AUGUST 18, 2022**

PRESENT: Chair L. Larson; Planning Commission Members Caouette, Ellering, Goczy, E. Larson, and Norton. ABSENT: Planning Commission Member Boulka

CITY PLANNER: Justin Burslie, Sourcewell

ZONING SPECIALIST: Dawn Bittner

DEPUTY CLERK: Absent

COUNCIL LIAISONS: Mayor Gardner and Council Member Ronning

**1. Call Meeting to Order**

1.2 Roll Call

**2. Consider Agenda**

2.1 Mayor Gardner requested to add Corner Lot Development Apartment Complex Proposal to the Agenda as item 5.1.

**A motion was made by Planning Commission Member Ellering, seconded by Planning Commission Member E. Larson, to approve the Agenda, as amended.**

**3. Public Hearings**

**4. Open Forum**

**5. New Business**

5.1 Corner Lot Development Apartment Complex Proposal

Mayor Gardner explained an offer had been made by Corner Lot Development to construct a 65-unit apartment complex in the Heart of the Good Life Development. The handout presented contained a map indicating the location for Corner Lot Development would be somewhat adjacent to the Xcel Energy building. Apartments are not an allowed use in the Patriot Development Zone. The City Council met Monday evening to

discuss dividing a portion of Heart of the Good Life for residential use. The map indicates an area between the Paul Bunyan Trail and an extension of Larsen Parkway to be used for residential use. The Council was in favor of the idea but wanted to receive recommendations from the Economic Development Commission (EDC) and the Planning Commission.

The EDC met Tuesday morning. Matt Lottman, Chair of the EDC, stated the City Engineer, Tim Houle of Widseth, explained to the EDC that the blue road has not been constructed and could be constructed other than as indicated on the map. The EDC recommended the City Council move forward changing the code for future housing land west of the Larsen Parkway extension and east of the Paul Bunyan Trail.

Mayor Gardner stated that is roughly 17 acres, but the area is up for discussion. Mr. Lottman stated he calculated approximately 24.6 acres on west side of the road and the EDC also recommends this area would need to come out of the TIF District. There is approximately 7 years left on the TIF District.

Tyler Glynn, Executive Director of BLAEDC, stated the portion west of the roadway can be pulled out of the TIF District and the remainder of the property can remain in the TIF District.

Mayor Gardner asked the Planning Commission to discuss how they felt about the land use in Heart of the Good Life and the zoning. Mr. Burslie stated the Heart of the Good Life Development is zoned Patriot Development Zone. This zone was created strictly for the Heart of the Good Life Development over a period of approximately a year and a half. The Purpose and Intent of the Patriot Zone states, *“To support and facilitate public or private development of this area by creating recreational, commercial and industrial opportunities to enhance the value and quality of life within our community.”*

Mr. Burslie explained what is unique with this zone is the inclusion of design standards. All uses in this zone that are allowed require a Conditional Use Permit and there are very detailed plans for landscaping, screening, lighting and architectural standards. The City could simply amend the Land Use Matrix to allow apartments in this zone, but that would mean they would be allowed on all land within the Patriot Development zone. If you prefer to designate certain areas for residential use you could create the Patriot Residential Zone or something similar as the City owns the property. The design standards could be carried over to this new zone. The area could be rezoned to Commercial as apartments are allowed as a Conditional Use, although the design standards would not apply. To begin the discussion we need to determine if this is a use you want to allow in this area. We have heard that there are housing needs in the area.

Mayor Gardner pointed out the request was for apartments, but townhomes and patio homes have also been discussed in this area. Mr. Burslie stated if a Patriot Residential Zone is created it could allow apartments, townhomes, and multi-family units. Generally there is a separation between commercial/industrial uses and residential uses. Planning Commission Member Ellering asked what zones apartments are now allowed. Mr. Burslie stated Urban Residential, Transition Residential, and Downtown Mixed Use. Apartments in the Commercial and Light Industrial zones require Conditional Use Permits. Planning Commission Member Ellering stated we could use our Urban zone for this area. Mayor Gardner stated we would lose the design standards created for this area. Planning Commission Member Gonczy stated it is important to separate where they are allowed and not.

Chair Larson stated we need housing for any commercial development. She would be in favor of the new Patriot Residential zone and keeping it as apartments or multi-family housing only; we can keep the design standards. The tax implication for a single family home is only around \$1,200. The City portion of the apartment is approximately \$42,000.

Planning Commission Member Gonczy stated she is in favor of the Patriot Residential zone with townhomes, multi-family, and apartment buildings. Planning Commission Member E. Larson stated there is more tax revenue from an apartment building than townhomes or patio homes. Planning Commission Member Ellering would encourage more apartment-complex style housing than patio homes. Planning Commission Member Gonczy pointed out that it was discussed Monday evening that the apartment would be market rate housing, not low income housing.

Planning Commission Member Gonczy asked EDC Member Sheila Holley what type of housing is most requested. Ms. Holley stated that there are 20 properties between \$76,000 and \$450,000 available in Breezy Point, Crosslake, Jenkins and Pequot Lakes. Families need housing; not single family houses, just somewhere to live. As a Broker for Edina Realty, 3 corporations turned away from this area as there were no places for employees to live. Retirees and people moving off the lakes need housing; they don't want to mow lawn. There are also no places for new teachers to move to.

Planning Commission Member Caouette stated there is a huge need for housing, but we should also consider townhomes and patio homes.

Chair Larson stated the Commission seems to be in agreement to create a zone to allow housing with design standards, but do we allow apartments only or include multi-family housing also, such as townhomes. Mayor Gardner stated apartments and multi-family housing has been discussed by several individuals, but not single family homes. Planning Commission Member Gonczy asked if standards can be set for purchasing property in Heart of the Good Life? One townhome on half an acre is not what we are

looking for. Mr. Burslie stated that contingencies can be added at the time of sale; the City owns the property and has the control. Mr. Glynn stated a call-back agreement is created with the sale of property stating certain standards must be met. Mr. Burslie stated that agreement would be between the City Council and the purchaser, not the Planning Commission.

Mayor Gardner stated the Planning Commission needs to support allowing apartments. Mr. Burslie asked if the Planning Commission just wanted to amend the Matrix to allow apartments everywhere within the Patriot Zone or create a new zone and rezone a portion for housing.

Mr. Burslie stated he first saw the map that morning and commented to the City Administrator that the housing portion should go down to the recreation land but was told this area is for a lift station. Tim Houle, Civil Engineer with Widseth, the City Engineer, explained the only portion platted is the City Maintenance Building, the Xcel Energy lot, and a short portion of Larsen Parkway. A stormwater retention area is located in the upper left corner. The rest of the land is one parcel and Larsen Parkway can be extended anywhere through the parcel. While doing field analysis there is a hump in the topography approximately north of where the Future Park Recreation Land is indicated on the map. The rest of the area would flow gravity toward Derksen Road. If the property further south was to be served by water and wastewater a lift station or pump station would be needed, likely in that area. If the southern area is developed for recreation it could be served by a drainfield or pumped to flow via gravity. Per Council direction, Larsen Parkway and water/wastewater infrastructure will be extended as lots are sold.

Discussion ensued to include property from Derksen Road south creating approximately 24 acres in size; Lots 1 – 5 on the Heart of the Good Life map on the City's website. Describing the residential location was discussed. If Larsen Parkway is not physically constructed, the residential location can be increased/decreased with the right-of-way of Larsen Parkway being described. Mr. Houle stated Larsen Parkway and infrastructure will be constructed as lots are platted. As an example, when Corner Lot Development purchases the purple lot, Larsen Parkway will be extended to the south to the corner of the lot, as well as water/wastewater.

Mr. Burslie explained the upper left lot and Corner Lot Development would be rezoned to the new classification and the rest would remain Patriot Development. We want to rezone as it's platted so we don't end up with multiple zoning classifications on a parcel.

Planning Commission Member Gonczy stated if we rezone as lots are sold, what could prevent a commercial use purchasing a lot and placing a commercial use next to an apartment. Mr. Burslie stated the City owns the property and has the ability to keep housing along the trail and commercial next to the highway.

Chair Larsen stated the Planning Commission recommends that east of the Paul Bunyan Trail and west of the extension of Larsen Parkway be rezoned to a Patriot Residential Zone and support the apartment complex concept.

Mr. Burslie stated this will come back to the Planning Commission for a public hearing in September to establish a new Patriot Residential Development District and zone the future Corner Lot Parcel and the Northwest parcel.

Mayor Gardner stated Corner Lot Development wanted to break ground in 100 days of their offer. He will pass along the design standards for the Patriot Zone as the new zone will be similar. Mr. Burslie suggested they contact the DNR for access to the Paul Bunyan Trail.

## 6. Old Business

### 6.1 Accessory Dwelling Units – Discussion

Mr. Burslie explained the Staff Report. The Planning Commission and Staff reviewed the proposed language as follows:

#### Section 17-3.2 DEFINITIONS

**Accessory Dwelling Unit (ADU):** A single unit located on the same property as a principal dwelling providing complete, independent, living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking, and sanitation. An ADU may be detached, attached, interior (upper or lower level), above garage or a garage conversion.

#### Add a definition for **Long-term Rental:**

1. Accessory Dwelling Unit (ADU) requires a permit on a conforming residential lot located outside of the Shoreland Area and shall comply with the following standards:
  - A. One ADU allowed per parcel;
  - B. All required setbacks of the underlying zone shall be met;
  - C. Impervious coverage limits of underlying zone shall be met;
  - D. An existing dwelling with multiple lots shall be consolidated into one lot to construct an ADU;
  - E. ~~Maximum square footage of the ADU shall be \_\_\_\_\_;~~ (based on maximum impervious coverage)
  - F. ~~Maximum height shall not be more than main dwelling or maximum height of underlying zone;~~ Maximum height shall not exceed the height of the maximum height of underlying zone;
  - G. A detached ADU shall not be constructed closer than 10 feet of the main dwelling;

H. Architectural Standards:

- i. Wood construction;
- ii. Siding shall ~~match~~ **be compatible with** main dwelling;
- iii. Exterior color shall ~~match~~/be compatible with main dwelling;
- iv. Shingles shall match main dwelling;
- v. ~~Roof pitch shall \_\_\_\_\_~~
- vi. \_\_\_\_\_

I. Shall not be allowed as a Short-term Rental Dwelling Unit;

J. May be allowed as a long-term rental (~~define~~);

~~K. Owner occupancy of the main dwelling shall/shall not be required; (An owner of the property must occupy at least one dwelling unit on the lot as their primary place of residence. Proof of homesteading shall be required and variances from this provision shall not be considered);~~ **Only one (1) unit can be rented as a long-term rental;**

L. Conversion of garage space to an ADU shall require replacement of the garage space. Space within a garage that exceeds what is necessary for two vehicles may be converted without replacement;

M. Onsite parking shall be required for the occupants of the ADU;

N. A stormwater management plan shall be required demonstrating how stormwater ~~water~~ will be maintained on parcel;

O. A licensed Subsurface Sewage Treatment System (SSTS) Designer shall determine if the existing SSTS is sized correctly for the additional bedroom(s) in the ADU;

P. **Only one (1) Guest Cottage or ADU shall be allowed in the Shoreland Area.**

6.2 Conditional Use Permits – Discussion

Mr. Burslie explained the Staff Report. There was confusion regarding permitted uses and allowed uses. Staff will revise the draft Matrix for the September meeting and was directed to include a use for a sign printing shop or a printing use. Mr. Burslie stated the Planning Commission may be required to look at some type of cannabis use in the future.

7. **Approval of Minutes**

7.1 Approval of July 21, 2022

**A motion was made by Planning Commission Member Ellering, seconded by Planning Commission Member E. Larson, to approve the July 21, 2022 Minutes. All members voted “aye”. Motion carried.**

8. **P & Z Administrator’s Report**

8.1 Permits and Correspondence

Bittner pointed out there were no Land Use Permits issued in July and the 13 letters sent.



8.2 Potential Violations/Enforcement Actions

The following Potential Violations/Enforcement Actions were discussed:

1.

**9. Adjournment**

**A motion was made by Planning Commission Member Ellering, seconded by Planning Commission Member Norton, to adjourn the meeting. All members voted “aye”. Motion carried.** The meeting was adjourned at 7:35 PM.

Respectfully submitted,

Dawn Bittner  
Zoning Specialist

DRAFT